

BOARD OF TRUSTEES
The MetroHealth System

Date: January 23, 2019

Time: 8:00 a.m.

Place: The MetroHealth System Board Room

Present: Ms. Dee, Mr. Hurwitz, Mr. McDonald, Mr. Monnolly (via phone), Mr. Moss, Dr. Silvers, Ms. Whiting

Staff: Dr. Boutros, Dr. Boulanger, Ms. Brown, Dr. Chehade, Mr. Jones, Ms. Kline, Mr. Phillips, Ms. Platten, Mr. Richmond, Mr. Stern, Dr. Watts, Dr. Werner

Guests: Mr. Brian M. O'Neill, Chair, Board of Directors, The MetroHealth Foundation;
Dr. Patricia Thomas, Vice Dean of Medical Education, Case Western Reserve University School of Medicine

MINUTES OF MEETING

The meeting was called to order by Mr. McDonald at 8:00 a.m.

(The minutes are written in a format conforming to the printed meeting agenda for the convenience of correlation, recognizing that some of the items were discussed out of sequence.)

1. Minutes

The Board approved the Minutes of the Regular Meeting of November 28, 2018.
RESOLUTION 19253.

2. Consent Agenda

A. Audit and Compliance Committee

1. The Board unanimously approved the continued engagement of KPMG as the System's Internal Audit consultant, for the purpose of providing management, assistance, advice and guidance with performing enterprise risk assessments, prioritizing risks and associated audits, providing oversight of Information Technology (IT) audits and reporting to management and the Audit Committee of the Board of Trustees, for the year 2019, with cost not to exceed \$875,000 and associated expenses not to exceed \$20,000, to be paid out of general operating funds. RESOLUTION 19254.

B. Community Engagement Committee - None

C. Diversity Committee - None

D. Executive Committee - No Meeting

E. Facilities and Space Committee - No Meeting

F. Finance Committee

1. The Board unanimously approved the renewal of the Office/Hangar Lease as more fully described in Attachment A. RESOLUTION 19255.
2. The Board unanimously approved the amendment of the agreement with HGA Architects and Engineers, LLC to provide additional architectural and engineering services for the Campus Transformation Project. The total fees for this additional work shall not exceed \$53,300, for a total amended fee amount not to exceed \$31,909,453, to be paid out of capital funds previously approved through Board Resolution 19088. RESOLUTION 19256.
3. The Board unanimously approved the amendment of the agreement with Donley's Inc. as the System's construction manager at risk for the Project. The total fees for this additional work shall not exceed \$625,500, for a total amended fee amount not to exceed \$25,125,500, to be paid out of capital funds previously approved through Board Resolution 19088. RESOLUTION 19257.

G. Legal and Government Relations Committee

1. The Board unanimously approved the reaffirmation of the Policy relative to the Open Meetings Law for 2018-2019. RESOLUTION 19258.
2. The Board unanimously confirmed and ratified the settlement of professional and general liability claims at or under \$100,000 for 2018 in the amount set forth in the detailed listing of these claim settlements in the confidential addendum which is made a part of this Resolution, to be paid from the general operating fund. RESOLUTION 19259.
3. The Board unanimously confirmed and ratified the settlement of the Bureau of Workers' Compensation claims at or under \$100,000 for 2018 in the amount set forth in the detailed listing of these claim settlements in the confidential addendum which is made a part of this Resolution, to be paid from the Workers' Compensation Fund. RESOLUTION 19260.

H. Nominating Committee - No Meeting

I. Patient Experience Committee - No Meeting

J. Quality and Safety Committee - No Meeting

3. President and CEO's Report

Dr. Boutros began by indicating his report is in the Board Book and elaborated on a few recent events taking place since that time. He indicated that many attendees at the Board meeting were able to listen to the January 22, 2019, local Cleveland Coalition at Cleveland City Hall concerning Lead Safe Cleveland. Cleveland officials and members of health care and environmental organizations came together at City Hall to discuss lead poisoning in the City of Cleveland and he informed the Board that MetroHealth is leading the way just as it did with MetroHealth's dealing with the first cholera epidemic, the Tuberculosis Center, the HIV Center and the only Ebola Center in Ohio.

Dr. Boutros informed the Board that the Cuyahoga County Council approved the appointment of John M. Hairston, Jr. to the Board effective immediately through February 2021. Mr. Hairston previously was employed at NASA and was the District Director for the 11th District

Congressional Office under Congresswoman Marcia L. Fudge. Dr. Boutros was appointed to the Governor's Task Force on home care which involves home visits for children; MetroHealth is the only non-children's hospital represented on the Task Force. Melissa Kline recommended Kimberly Green, Director of Nursing Service, to represent MetroHealth in filling that position. MetroHealth is currently working with the Governor's Office to participate on the Task Force related to opioid addiction and mental health and will be recommending Dr. Joan Papp to fill that role.

4. Nursing/Magnet Report - Melissa Kline, Chief Nursing Officer

Ms. Kline began her report by discussing the Affiliation Agreement with Frances Payne Bolton School of Nursing and, due to the strengthening of that affiliation, MetroHealth secured seven staff appointments for 2019. Her year-end review indicated the following activities related to Nursing: 21 publications, 11 in press for 2019; 26 presentations at conferences; 41 ongoing IRB approved studies where a nurse is a primary investigator; 1,412 nurses or 79.1% are Bachelors prepared workforce; and 532 nurses were certified, which has more than doubled since 2013.

5. Medical Staff

A. Report of Medical Staff President - Dr. Sandra Werner

Dr. Werner began by thanking everyone who attended the annual holiday party held in December 2018 for the Medical Staff. Dr. Joe Carter was an ENT doctor who was a phenomenal physician, employee, and care provider who was loved by his patients and was taken from MetroHealth and his family much too early. Every year an APP and physician are recognized at the annual party who live up to the standards of Joe Carter, this year recognizing and congratulating Rebecca Lowenthal, an Express Care Physician, and Aliza Bartunek, an Ambulatory APRN Provider, for going above and beyond and receiving the Joe Carter Awards for 2018. Dr. Werner stated in 2019 Medical Staff will be focusing on physician wellness and engagement with the Department Chairs. Future Medical Staff meetings will be held off campus in the early evening four times a year using a central location in hopes that more staff actively participate. At the request of Dr. Werner, Mr. McDonald made a motion and the Board unanimously approved the Medical Staff Appointments and Actions for November and December 2018, as well as the Medical Executive Committee Minutes of November 9, 2018, and December 14, 2018.

B. Approval of Medical Staff Providers Appointments and Actions - November/December 2018

1. The Board unanimously approved the Medical Staff Providers Appointments and Actions for November/December 2018. RESOLUTION 19261.

C. Medical Executive Committee Minutes - November 9, 2018, and December 14, 2018

D. Report of Case Western Reserve University (CWRU), School of Medicine - Dr. Patricia Thomas

Dr. Thomas attended the meeting but had nothing to report.

6. Audit and Compliance Committee

A. Report of Committee Chairperson Silvers

Dr. Silvers stated that extensive meetings on Audit and Compliance were held with Cheryl Forino Wahl, and he commended her on a great job. He stated that MetroHealth has

applied for the World's Most Ethical Company status and Ms. Wahl showed in depth the documentation involved and submitted with the application. At this meeting the Internal Audit and the External Audit plans were approved. Dr. Silvers noted an extensive report on Cyber Security and an IS update was given, and he commended MetroHealth's IS team on a job well done.

Mr. Richmond reported that the meeting began with a discussion with RSM, which is the construction advisory services side of RSM, not to be confused with the External Audit side of RSM. RSM was hired to assist MetroHealth in performing construction cost review services prior to the expansion of the Critical Care Pavilion and are now focused on assisting with services concerning the Campus Transformation construction cost review. John Croy, Executive Director at RSM, will be overseeing a controlled environment that will be performing a review on a regular basis of the guaranteed maximum price contracts and major vendor and contractor invoices. Cheryl Wahl gave a fourth quarter update on the Compliance Program and reported that 85% of the annual Ethics and Compliance Work Plan for 2018 was complete. As Dr. Silvers' mentioned, the Compliance Department completed the 2019 Application for the World's Most Ethical Company and completed over 204 live training sessions for employees, contractors, volunteers, and the Board of Trustees since revising the Code of Conduct in 2018. The 2019 Ethics and Compliance Work Plan was developed which included over 300 new projects, noting 70% of the projects are new for 2019. Jim Mylen, a partner with KPMG and responsible for our Internal Audit at MetroHealth, was recently promoted to the Office Managing Partner of KPMG and is MetroHealth's Director of Internal Audit. Mr. Mylen reported that Internal Audit is using analytics to review entire populations versus taking a sample based approach and stated that the 2019 Internal Audit Plan had been established. To achieve a quest for excellence, a Financial Reporting Disclosure Committee was implemented in the fourth quarter of 2018 that reviews potential disclosures, a practice that publicly traded companies use in the disclosure of their financial reporting. David Fiser, Vice President and Chief Information Officer, joined MetroHealth in the Summer of 2018 from Akron General and made his primary focus on MetroHealth's cyber security posture and environment, noting a new phishing solution was implemented that involved education awareness of the 7,000 employees at MetroHealth.

B. Non-Consent Agenda

1. Action Items - None
2. Information Items
 - a. 2018 Internal Audit Update & 2019 Internal Audit Plan
 - b. 2018 Compliance Update & 2019 Compliance Work Plan
 - c. Transformation Project Construction Cost Review
 - d. Cyber Security & IT Update

7. Community Engagement Committee - Cancelled

8. Diversity Committee

A. Report of Committee Chairperson

Ms. Whiting stated an update was given on the 2018 diversity goals, noting that there were 21 goals coming through Diversity and, moving forward, there will be a focus on fewer goals. Diversity highlights for 2018 included Project REaL, which involved race, ethnicity, and language data collection. It is her understanding that Project REaL is being promoted for an award nationally. Dr. Boutros reported that Project REaL started approximately a year and a half ago and, fast forwarding to 2019, MetroHealth is almost 100% compliant on our electronic medical records and MetroHealth is being nominated

for an award. Ms. Whiting noted that Diversity and Inclusion had conducted several nursing and transgender job fairs, is leading in the Cleveland area in hiring returning citizens, and a robust discussion ensued around physician and physician assistant recruitment. Ms. Whiting stated that she and Arlene Anderson will meet with the physicians, recruiters, and recruiting providers to determine what plans and challenges there are and to set goals and expectations on the physician side of Diversity and Inclusion.

B. Non-Consent Agenda

1. Action Items - None
2. Information Items
 - a. HR Transformation/2018 Enterprise Diversity Goals Update
 - b. Office of Inclusion & Diversity
 - c. Human Resources
 - d. Supplier Diversity
 - e. Campus Transformation

9. Executive Committee - No Meeting

10. Facilities and Space Committee - No Meeting

11. Finance Committee

A. Report of Committee Chairperson Silvers

Dr. Silvers stated that 2018 was a good year and indicated MetroHealth is at approximately \$1.2 billion in revenue and approximately \$2 billion assets, a significantly sized organization. MetroHealth is currently up over \$100 million in earnings which affected the cash flow and operating earnings and currently holds a BBB- rating for statistics and the amount for targets. He indicated that without the OPERS adjustment, MetroHealth has approximately \$500 million of equity (Net Position); with OPERS, MetroHealth is below zero. Dr. Boutros stated MetroHealth is a negative \$340 million, but noted that MetroHealth does not have a legal obligation for the amount for OPERS; this is only an accounting number as MetroHealth continues to fulfill its legal obligation with the State law which is to pay MetroHealth's portion of the employees' OPERS. Dr. Silvers stated that MetroHealth is doing well with the bond covenants and ahead in terms of targets.

Mr. Richmond reviewed the two bond covenants and noted that we have a Debt Service Coverage Ratio and a Days' Cash on Hand one. He stated MetroHealth is well above the bond covenant requirements and above what other BBB- credit indicates in the market place. MetroHealth has achieved over \$107 million in EBITDA, an increase of almost 12% over the prior year; the current EBITDA is 8.9%, while the EBITDA margin last year was 8.5%. Operating Income was \$49 million, an increase of approximately 18-19% over the prior year. The Operating Margin was 4.1% in 2018 compared to 3.7% in 2017. Mr. Richmond reported MetroHealth continues to show growth and that the organization is 100% focused on delivering on noted commitments made to Bond investors that allowed us to borrow to proceed with the Campus Transformation Project. Other reasons for the increase in growth: volumes for the four Emergency Departments; patient acuity; surgical volumes; expansion of pharmacy operations; improvements with lower liability insurance costs; and additional funding received from supplemental programs.

B. Non-Consent Agenda

1. Action Items - None
2. Information Items
 - a. Unaudited 2018 Financial and Operational Results
 - b. Accounting & Financial Reporting for Pensions (GASB 68) and Postemployment Benefits (GASB 75)
 - c. 2018 Operating Performance Volumes
 - d. 2018 Capital Projects Review
 - e. Schedule of Charges Update

12. Legal and Government Relations Committee

A. Report of Committee Chairperson Whiting

Ms. Whiting stated that the Committee met on December 12, 2018, and approved the three resolutions approved in the Consent Agenda at this meeting. She reported that MetroHealth has 36 open claims, 18 lawsuits, with reserves of \$6.6 million, noting that our risk exposure is estimated at half of our claims and that the claims are half of what they have been at peak. There are issues involving the Jail for which no claims have been received to date, noting MetroHealth holds a separate policy for any Jail claims, the premiums for which are paid by Cuyahoga County. There has been a restructuring of the Risk staff which involved the hiring of an operations non-clinical risk manager and we are searching for a clinical risk manager. Lastly, Ms. Whiting stated one potential claim will be discussed in Executive Session today.

Mr. Phillips updated the Board noting that since the Committee meeting a clinical risk manager had been hired who has significant experience both as a nurse and as a lawyer. He also noted that in talking about insurance and claims being down this also has driven down liability insurance costs while we have had significant growth. The insurance and liability industry reviews risk exposures around volumes and, while those volumes have increased, our performance in terms of risk has not increased. In short, he noted performance has gone up and claims have gone down.

Dr. Boutros elaborated on Mr. Phillips statement. MetroHealth's medical malpractice risk exposures have increased over 25% in the last five years with growth and premium costs for the same coverage decreasing by approximately 25%. He stated MetroHealth has had a two-year rate agreement for the major portion of liability insurance coverage, but this year MetroHealth plans on going to Zurich to determine if there are better rates in other consortiums other than the Lloyds market.

B. Non-Consent Agenda

1. Action Items - None
2. Information Items
 - a. Risk Management Report

13. Nominating Committee - No Meeting

14. Patient Experience Committee - No Meeting

15. Quality and Safety Committee - No Meeting

16. Foundation and System Philanthropy Report - Kate Brown - President, The MetroHealth Foundation and MHS Chief Development Officer

Ms. Brown stated that 2018 was a great year in terms of philanthropy, with the community contributing approximately \$23.2 million to the organization compared to \$12 million in 2017. In December, 2018 a substantial estate gift of approximately \$1.2 million was given by Rita Doubeck who had no relationship with MetroHealth but had asked her advisers where she should designate her funds. Her advisers were familiar with our organization and introduced her to MetroHealth. The MetroHealth Foundation Board has shown 100% support under Brian O'Neill's leadership.

17. Other Board Items

Executive Session

A motion was unanimously passed by roll call vote to go into Executive Session to discuss litigation matters, trade secrets and employment matters.

Following the Executive Session, the meeting reconvened in open session at approximately 10:10 a.m.

The Chair noted the discussion surrounding the settlement of Claim No. 17-23-0516 with Laura McBride. There being no further questions, the Board unanimously authorized and ratified settlement of Claim No. 17-23-0516 in an amount not to exceed \$117,500. RESOLUTION 19262.

The Chair noted the discussion surrounding the settlement of Claim No. 17-28-0117 with Laura McBride. There being no further questions, the Board unanimously authorized and ratified settlement of Claim No. 17-28-0117 in amount not to exceed the maximum limits of \$1,250,000. RESOLUTION 19263.

The meeting adjourned at approximately 10:15 a.m.

NEXT MEETING: March 27, 2019 (WEDNESDAY) - 8:00 a.m.

The MetroHealth System

Respectfully submitted,

Thomas McDonald, Chairperson

Akram Boutros, M.D., FACHE
President and Chief Executive Officer